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SERVICE STATISTICS

Work done by national and international agencies in the field of service statistics

Report of the Secretary-General

SUMMARY

At its twenty-fifth session the Statistical Commission requested a review of the work by national and international agencies in the field of service statistics. This review, based on inquiries into data compilation and methodological development work and materials presented at the various meetings of the Voorburg Group on Service Statistics, represents an initial effort to document, in a general manner, the situation in service statistics at the national and international levels. Section I (paras. 4-39) describes the work by national agencies in data compilation, methodological development and countries' experiences. Section II (paras. 40-43) provides a brief account of the Voorburg Group's efforts since the last session of the Commission to advance work in service statistics. Section III (paras. 44-66) contains statements on the initiatives of international agencies. Section IV (paras. 67-79) presents proposals for future work. These proposals comprise interrelated activities in methodological work, data compilation, technical co-operation and the promotion of co-ordination. The points for discussion are presented in section V (para. 80).

* E/CN.3/1991/1.

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INTRODUCTION

1. The important role of the service sector in generating employment and income and in improving the efficiency of the production and distribution process is increasingly recognized in macro-economic analysis and policy-making. For these purposes there is interest in the conditions of the service economy and the related indicators of growth and development. The required statistics can be broadly categorized into industry performance data, measures of growth in output and productivity, and the size of the domestic and international markets for services.

2. The situation in service statistics was discussed at the two preceding sessions of the United Nations Statistical Commission. At its twenty-fourth session in March 1987, efforts to improve statistics on services were discussed. The twenty-fifth session, held in February 1989, dealt with issues of methodological development, data compilation and technical co-operation. The Commission endorsed the continuation of work in service statistics in appropriate co-ordination with other international agencies. The Commission also decided that the documentation for the twenty-sixth session should include a review of the work by national and international agencies in the field of service statistics.

3. The present report on the work by national and international agencies in the field of service statistics is organized as follows: section I reviews the work by national agencies in the compilation of basic statistics for services activities and the methodological developments in (a) price and volume measures and (b) accounting for trade in services. It also summarizes the ongoing work in service statistics by the Voorburg Group participants. Section II describes the contributions of the 1989 and 1990 meetings of the Voorburg Group on service statistics to advance work on data collection and conceptual issues in service statistics. Section III contains the initiatives of various international agencies. Section IV presents a proposed programme for the 1992-1993 biennium. Section V contains points for discussion.

I. WORK BY NATIONAL STATISTICAL AGENCIES

4. The review of the work by national agencies in the compilation of basic statistics was based on the results of a United Nations inquiry into the services activities covered in statistics on production, capital formation and employment. In the field of methodological development, the review focused on the results of inquiries into national practices in price and volume measures and trade-in-service statistics. The review of the work by national agencies is complemented by official statements of ongoing work in service statistics based mostly on materials originally presented at the annual meetings of the Voorburg Group. The co-operative effort among national agencies to improve the coverage of services and to resolve conceptual issues through voluntary participation in the annual meetings of the Voorburg Group on Service Statistics is examined in section II.

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A. Data compilation

5. In the field of service statistics, the compilation of the activity details concerning production, capital formation and employment is emerging in countries where services account for an increasing share of total economic activity. The countries have approached this work with the objective of either developing comprehensive systems of service statistics or expanding the data base for key activities.

6. In 1988, the Statistical Office of the United Nations Secretariat conducted an initial inquiry into the compilation of statistics on total output, output breakdowns, value added, cost structure, capital formation and employment for 20 groups from divisions 6, 7, 8 and 9 of the International Standard Industrial Classification Rev.2 (ISIC) as shown in the table. The inquiry also requested information on the sources of statistics. The inquiry was addressed to statistical agencies of all member countries. Forty-one countries from various regions responded: of these, 30 were developing and 11 were developed economies. The responses concerning data compilation are summarized in the table. The x indicates that for a given item, 50 per cent or more of the respondents compile statistics for the kind of activity shown.

7. The responses indicated that national agencies collected basic statistics for both marketed and non-marketed services. As can be seen from the table, the typical data items were total output, value added and employment. The common activities covered in service statistics comprise the following: distribution (61, 62); restaurants and hotels (63); transport and storage (71); communications (72); banking (81), insurance (82), public administration (91), sanitary and similar services (92), education (931), health (933), recreational and cultural services (94) and personal and household services (95). In addition, statistics on production, employment and capital formation were compiled mostly for transport and storage (71) and health (933) services.

8. The compilation of service statistics differed mostly in the coverage of activities classified in divisions 8 and 9. For example, as of 1988, most respondents did not collect basic statistics for the following five activity groups: rental and leasing (833), research and scientific services (932), welfare services (934), business, professional and labour associations (935) and other social and community services (939). An almost similar situation existed in real estate (831), computer services (8323) and other business services (832).

9. The use of administrative records, surveys and censuses in collecting service statistics produced different results. For some countries that combination of sources provided extensive information. In addition to information on the identities of services operators, the records of the taxation authorities were important sources of transactions data. Compulsory surveys produced relatively better results. Economic censuses were sometimes deliberately structured to produce information on services activities and product details. A number of countries found it difficult to establish a firm and reliable system of data collection from services operators. They often lacked either a supportive institutional arrangement (e.g. access to tax records or statutes) or a data collecting mechanism that would reach operators outside of the formal sector of the

Basic service statistics of a majority of the respondents,
by data items and activity coverage

ISIC MAJ. DIV.	ISIC DIV./ GROUP	Kinds of service activities	Data items: Total output	Output breakdown	Cost structure	Value added	Capital formation	Employment
6	61, 62	Wholesale and retail trade	X			X	X	X
	63	Restaurants and hotels	X	X		X	X	X
7	71	Transport and storage	X	X	X	X	X	X
	72	Communication	X			X	X	X
8	81	Banking	X			X	X	X
	82	Insurance	X			X		X
	831	Real estate				X		
	8323	Computer services						X
	832	Other business services	X					X
	833	Rental and leasing						
9	91	Public administration and defence	X	X		X		X
	92	Sanitary and similar services	X			X		X
	931	Education	X			X		X
	932	Research and scientific services						
	933	Health	X	X	X	X		X
	934	Welfare services						
	935	Business, prof., and labour services						
	939	Other social and community services						
	94	Recreational and cultural services	X			X		X
	95	Personal and household services	X			X		X

economy. As a result, some developing countries considered household surveys and population and employment censuses as potential sources of information on service activities.

B. Methodological development

10. In the field of methodological development, the Statistical Office of the United Nations Secretariat has focused on the work of national agencies in price and volume measures and practices in trade-in-services satistics. An inquiry into the methods used by national agencies for calculating the real product of service activities was undertaken in preparation for the formulation of international guidelines. The initial areas of interest in the methodological work in trade-in-services statistics were the conceptual links with domestic transactions in services and also the national practices concerning the borderline between goods, services and factor income.

1. Price and volume measures

11. A survey of country practices with respect to volume measures in wholesale and retail trade, restaurants and hotels and transportation and communication was completed and circulated in 1989 to a number of countries. A total of 46 countries - 21 developed and 25 developing - responded to the United Nations questionnaire on price and quantity indexes for services. A detailed report on the findings is contained in, Volume Measures in ISIC 6 and 7 service industries. Country Practices as a Basis for International Guidelines. This report will be made available to the Commission in its original language. The findings were presented in terms of the following practices: (a) the use of deflation versus extrapolation; (b) the application of double deflation; (c) activity coverage; and (d) types of indices used in ISIC 6 and 7 activity groups.

12. Overall, the findings indicated a need for improvement in the types of indices used. In addition, it was found that countries in general did not have a clear preference for either extrapolation or deflation in the estimation of real product for most activity groups. The method of single deflation was used more frequently among the developing countries, whereas double deflation was the preferred approach in virtually all developed countries. A third of the respondents practised double deflation. A favourable development in regard to stratification was that real product was estimated for most of the activity groups in ISIC divisions 6 and 7 included in the survey. In contrast, many indices were considered inappropriate deflators.

2. Trade-in-services statistics

13. In August 1989, the Statistical Office of the United Nations Secretariat and the International Monetary Fund (IMF) finalized their joint inquiry into national practices and selected methodological problems in trade-in-services statistics. The final report, Summary of Replies to the UN/IMF Questionnaire on Trade in Services is based on the responses of 63 countries, including 21 countries that are

developed market economies. The results of this joint inquiry were organized under two major headings: the concept of services and borderline cases.

14. A significant number of respondents expressed support for consistency in the concept of services used in recording transactions in general. In addition, some countries suggested a flexible approach because of the difficulty of applying a single concept. Countries' experiences showed that development work in service statistics was progressing despite the absence of a clear distinction between goods and services. The implication is that statistics on external transactions and production are most likely to differ in the scope and classification of services.

15. The borderline cases cover processing, repairs, construction, installation abroad, computer software, leasing, merchanting, franchising, revenue of self-employed and contractual home workers, authors' fees versus copyrights, licence fees, direct purchases of households and extraterritorial bodies, transport and insurance connected with exports and imports of goods and non-merchandise insurance.

16. The replies revealed considerable disparity in country practices in accounting for transactions involving the "borderline" cases. This disparity was due primarily to the possibility of classifying borderline cases as either merchandise trade, factor income or services. Another major contributing factor was the difficulty of identifying receipts and payments; in administrative records, the transactions underlying foreign exchange flows are rarely specified. Accordingly, the borderline cases were frequently grouped as a "residual" rather than as separate economic categories.

17. The development work in trade-in-services statistics consists of disaggregating services into various economic categories, improving the observation methods for transactions of increasing importance for policy makers, and obtaining up-to-date information for those categories of services for which details were obtained only periodically. The service statistics were being developed for the purpose of expanding the scope of the balance of payments and estimating the size of the domestic and international markets for categories of services.

18. The report concluded that international comparability of data on trade-in-services was limited and that compilation practices, including data sources and coverage, were rarely documented.

C. Countries' experiences in service statistics

19. This section contains summary statements of the work in service statistics by the participants in the Voorburg Group on Service Statistics. The process of data base development constitutes an important aspect of the interchange of experiences within the Voorburg Group. The statements, based on the participants' presentations at the various meetings of the Voorburg Group. summarize the work in service statistics by Australia, Brazil, Canada, Finland, France, Germany, Japan, Netherlands, New Zealand, Norway, Sweden, United Kingdom and the United States. In general, new developments are aimed at presenting a more informative body of statistics on the service economy. Specifically, the main efforts include:

(a) expansion of the statistical coverage of activities and products; (b) undertaking of industry studies to facilitate better representation and classification of the statistical universe; (c) integration of data collection systems to ensure consistency in data base development; and (d) improvement of information on services outputs and deflators needed for estimating volume measures.

Australia

20. The Australian Bureau of Statistics (ABS) regularly compiles basic broad-level statistics of employment, earnings of employees, capital expenditure, profits and stocks on the basis of various annual and quarterly surveys of the services sector. The surveys cover transport, communication, wholesale and retail trade, finance and insurance, personal services and business services. Further development of the statistics on service industries will provide annual performance data at a reasonably aggregated industry level and more detailed industry and activity data periodically. Data on intangible types of capital will also be further developed. The recent service industry surveys have focused on personal and tourism-related services and business and professional service industries. In addition, ABS is planning to expand the scope of the next round of service industry surveys to include community services and recreational and cultural services. In the context of measuring intangible types of capital, ABS has implemented a training expenditure survey for the purpose of compiling data on the costs of developing job-related skills. ABS also conducts a large scale survey of international trade in services providing detailed data every two years with a smaller survey in the intervening years. Further collections will expand the coverage and provide more accurate annual data.

Brazil

21. In Brazil, the system of service statistics consists of quinquennial censuses and annual surveys. The censuses cover distributive trades, hotels and restaurants and personal and business services. The annual surveys are limited to trade and road transportation. The census universe comprises producers that are included in administrative registers for taxation and employment purposes. Data collection includes statistics on receipts, employees' compensation, proprietors' incomes, persons engaged, capital formation and balance sheet items. The principal classifications are according to kind of activity and region.

Canada

22. Statistics Canada is undertaking a number of initiatives to improve services statistics. These include the measurement of the production of marketed business services and work to test and add further detail to the Central Product Classification (CPC) services. Services survey coverage is being extended industry-by-industry. The data collected provide estimates of revenues, sources of receipts and full-time versus part-time employment. The measurement of marketed business services encompasses computer, telecommunications, engineering and scientific, management consulting, accounting and financial services and leisure, personal and accommodation services. In the area of international trade in

services there has been a substantial increase in the commodity detail and in information relating to the country of destination of traded services.

Finland

23. In 1988, the Central Statistical Office adopted a five-year plan for establishing a system of annual statistics of private service activities. The objective of the plan is to compile basic statistics on business services, real estate, rental and other private services that were not previously surveyed. A major shortcoming of the existing data relates to statistics on production, foreign trade, final demand, cost structure, investment and price and quantity indices. The preparatory work leading up to the five-year plan involved the extension of the general register of businesses to include own-account workers and entrepreneurs who are employers or subject to turnover taxes, the revision of the Standard Industrial Classificaton to reflect the expansion in service activities and the establishment of a system to utilize administrative taxation records as a data source of service statistics. The five-year plan provides for preliminary studies to be followed by pilot surveys, the collection of annual statistics and the establishment of a system of short-term studies and indicators for service industries. Preliminary studies and pilot surveys have already been carried out for real estate activities and business and professional services.

France

24. The National Institute of Statistics and Economic Studies undertakes an annual survey of service industries (the annual survey on transports is carried out by the Ministry of Transportation). The survey universe consists of all enterprises with 20 or more salaried employees and a representative sample of smaller firms. The activity coverage comprises all market services except financial services, health, social care, education and research activities. In addition to employment and hours worked, the annual surveys collect production statistics, including turnover purchases, inventories, taxes, employees' compensation, profit, income, outlay and balance sheet items. The statistics of turnover and purchases are collected for detailed product groups. The main aggregates - sales, margin, value added and total investments - are classified at the four-digit levels for commerce, transport, business services, personal services, hotels and restaurants and repair of consumer goods. Work is being considered on the extension of the annual survey to include items of expenditure on intangible types of capital, in particular, advertisement and computer services.

Germany

25. The Federal Republic of Germany has for many years produced relatively detailed statistics on the traditional service sectors (trade, transport and financial services). Information on the modern service sectors, such as data processing, research and development, technical planning and consulting, renting, leasing and advertising, however, is sparse and full of gaps.

26. Besides the further development of the statistical classifications, efforts to improve statistics on services are being focused first on already exsisting

statistics, such as cost structure statistics, VAT statistics and employment statistics. In addition, two test surveys were conducted in 1988 by the Federal Statistical Office in order to gain information on the demand and supply of modern, primarily business-related services.

27. The different approaches - a survey of enterprises of the manufacturing and the construction sectors on their supply of and their demand for services and a survey of service enterprises on the structure and extent of services provided, respectively - have shown, on the one hand, that enterprises of the production sector make up a considerable portion of the suppliers of services. On the other hand, the problems and possibilities that existed for gathering sufficient information on the rapidly expanding modern service sector, which includes mostly small units, became evident. The Federal Statistical Office plans to broaden its survey programme in the near future by adding annual surveys of these sectors.

Japan

28. With the increasing importance of the service sector in the national economy in recent years, the development of service statistics has been urged by various circles in Japan. In response to this, it is planned to develop these statistics in two parts: one to cover all the service activities comprehensively as a whole and the other to expand particular service activities in detail.

29. For the first type of statistics, a comprehensive survey was first conducted in 1989 by the Statistical Bureau of the Management and Co-ordination Agency, Government of Japan, to cover all the private sector establishments that are engaged in the service activities classified in the division of service activities ("Division L Services") in the Standard Industrial Classification of Japan, namely goods rental and leasing; hotels; boarding houses and other lodging places; laundries; beauty and bath services; miscellaneous personal services; motion pictures; amusement and recreation services except motion pictures; radio and television broadcasting; automobile parking; automobile repair services; miscellaneous repair services; co-operative associations not elsewhere classified; information services; research and advertising; miscellaneous business services; professional services not elsewhere classified; medical and other health services; public health services; waste treatment services; religion; educational services; social insurance and social welfare; research institutes of science; political, business and cultural organizations; and miscellaneous services.

30. The survey covered a wide range of activities, including hotels, personal and household services, recreation and culture, computer and related activities and research and development. The survey items were employment, sales by sector of clients, payments, employees compensation and investment.

31. For the second type of statistics, the Research and Statistics Department of the Ministry of International Trade and Industry conducts an annual status survey and a monthly current survey on selected services activities, including advertisement, information services and lease and rental services, design and consulting, engineering, credit-card services and leisure and sporting industries. The survey items are employment, sales, operating expenses and fixed assets.

32. For the distributive trades, data is collected at intervals varying from one month to every six years by the Research and Statistics Department of the Ministry of International Trade and Industry. A monthly survey provides information on sales, stocks, exports and imports. At longer intervals, from three to six years, the data collection includes statistics on employment, inventories, sources of receipts, operating expenses, investment and balance sheet items.

33. The rest of the service sector is covered by several surveys and administrative records maintained by the ministries and agencies concerned.

Netherlands

34. The Central Bureau of Statistics is currently collecting statistics on production, including outputs, inputs and wages for the ISIC/Rev.3 sections F (construction); G (wholesale and retail trade, repair of motor vehicles, motor cycles and personal household goods); H (hotels and restaurants); I (transport, storage and communication); most of K (real estate, renting and business activities); and L (public administration and defence). The collection of similar data is in preparation for the other sections in the service industries. An important objective is to provide data for the annual national accounts and input/output tables. The programme also includes the development of volume indicators and deflators. In addition, work is continuing on the services part of the product classification and on the completion of the business register with self-employed/non-incorporated occupations.

New Zealand

35. In New Zealand the work on service statistics has focused on establishing a system of data collection that integrates censuses of services and annual sample surveys of enterprises. The surveys cover divisions 6-9 of ISIC/Rev.2. Classifications are by activity, region and institutional sector. The statistics that are needed for benchmark estimates of gross output, value added, capital expenditure, employment, labour and capital productivity ratios are provided by the quinquennial censuses at the five-digit level of the activity classification. The censuses contain supplementary questionnaires to obtain commodity and activity details of purchases and sales. The aggregates of production and capital formation are updated annually, generally at the three-digit level of the activity classification. The annual surveys are also a source of information on income accounts and balance sheet items. In addition, a quarterly survey provides statistics on turnover and stocks for wholesale trade. Similar information is collected for retail trade and personal services turnover on a monthly basis and stocks on a quarterly basis.

Norway

36. The Central Bureau of Statistics carries out an annual survey of private non-financial service industries that covers real estate, business services, architectural and other technical services connected with construction; sanitary and similar services; and personal services. The survey provides basic statistics of production, cost of goods and services consumed, compensation of employees, capital formation and employment. The Central Bureau publishes activity details

close to the four-digit level of ISIC/Rev.2. There are no breakdowns by product groups. Work has started on the implementation of the Nomenclature générale des activités économiques dans les Communautés Européenes/Rev.1 which will eventually expand the levels of service classifications.

Sweden

37. A three-year plan starting from fiscal 1989/90 to 1991/92 was implemented for the purpose of expanding service statistics in Sweden. The plan aims at the development of a coherent system of quarterly, yearly and less frequent statistics. The quarterly collected data consist of turnover figures (and stocks in the case of retail and wholesale trade). The yearly surveys collect financial statistics. At longer intervals of three years or more the emphasis is on detailed information on turnover by activity, type of service products and class of customer. In addition, data collection will include benchmark statistics on costs, investment and employment. Statistics Sweden is also carrying out studies to find out whether prices of services, in particular business services, could be collected on a regular basis.

United Kingdom of Great Britain and Northern Ireland

38. In the United Kingdom the work in service statistics has focused on date base improvement and price and volume measures for services. During the period 1985 to 1987, new annual surveys were introduced to improve the coverage of service activities. The new benchmark surveys covered professional and scientific services. In addition, the existing surveys into business, personal and miscellaneous services were modestly expanded. In 1991, the Central Statistical Office plans to start up a programme for the further improvement of service statistics based on quarterly inquiries concerning turnover. The objective is to cover those services for which employment data currently are used as a proxy for output. In addition, attempts are being made to develop price deflators for advertising, legal services and educational services.

United States of America

39. The initial priorities of the United States in developing statistics for the service sectors are to address the issues of defining outputs and to develop the most effective means to measure the prices and quantities of those outputs. Another important aspect of the work in service statistics involves the development of additional series on employer costs, productivity, producer prices, international price measures and employment data for service-producing industries. Statistical coverage is being expanded in transportation, communications, retail trade and health services. In addition, efforts are being made to improve data collection on services in the quinquennial censuses. These include additional service industry coverage; the collection of data on exported services, purchased services as well as secondary services and the revision of the Standard Industrial Classification system to provide more detailed service classifications. Also, the further expansion of the data base on services is occurring through the annual service survey. These sample surveys provide up-to-date measures of trends and levels of business activity. The data items include operating receipts and

details of expenses. Industries under consideration include rental and leasing, computer and data processing services, management, consulting, public relations and health services.

II. VOORBURG GROUP ON SERVICE STATISTICS

40. The Voorburg Group on Service Statistics is a co-operative effort among volunteer national and international statistical agencies to address problems associated with data gaps and conceptual issues in service statistics. Since the last session of the Statistical Commission, the Voorburg Group held annual meetings in 1989 and 1990 which were hosted by Statistics Canada and the National Institute of Statistics and Economic Studies in France, respectively. In 1989 the Voorburg Group initiated work to improve the statistical coverage and to resolve conceptual problems in respect of computer services. The Voorburg Group also decided to undertake a survey of its participants' priorities in service statistics in order to facilitate the focus of the Group's future discussions. The 1990 meeting served as a follow-up to the previous meeting.

41. The work by the Voorburg Group in computer services began in response to a request from the Statistical Commission in February 1989 for a report on a substantive topic. In October 1989, the Voorburg Group accepted a proposal from Statistics Canada to work out a model survey of computer services. The report (E/CN.3/1991/16) prepared for the present session of the Commission was approved by the Voorburg Group at its fifth meeting in 1990. The report represents the Voorburg Group's opinion that for each service industry there should be a model of production, trade and accumulation and that the value of its output, expressed in CPC classes, could be decomposed into price and volume components. The model survey, presented in the form of data collection modules, is designed to test the product classes of the CPC, the industry classes of ISIC and to provide performance measures of the computer services industries.

42. The survey of priorities in service statistics was undertaken by representatives of the Netherlands Central Bureau of Statistics. The survey's results, presented at the Voorburg Group's fifth meeting in 1990, showed that in data collection, the highest priorities are assigned to services' contributions to gross domestic product (GDP), employment and annual growth rates. The following services were frequently selected as growth leaders for the 1990s: telecommunications, computer services, health, business services, financial intermediation and transportation. Statistics on the volume growth of services, price developments, investment in service industries and in services, e.g., research and development and education were also considered very important aspects of service statistics. The survey also showed that the most urgent conceptual issues were: (a) the linkage of CPC to the services classifications of household consumption and external transactions; (b) the definiton of product outputs and prices; (c) the use of administrative records; and (d) the estimation of the real product of banking, insurance, financial intermediation and business services.

43. The provisional agenda for the 1991 meeting of the Voorburg Group, to be hosted by the Central Statistical Office of Finland, focuses on the participants' experiences in the measurement of real product.

III. WORK BY INTERNATIONAL AGENCIES

44. This section contains general descriptions of the initiatives by international agencies in the field of service statistics based on information requested from the agencies and statements presented at the meetings of the Voorburg Group on Service Statistics. In general, the initiatives are intended to achieve inter-country comparability of service statistics and to improve their availability through technical co-operation, the dissemination of methodological materials and the formulation of agreed international standards and guidelines.

A. Economic Commission for Europe (ECE)

45. The ECE initiatives in service statistics are directed primarily to the needs of the statistical offices in transition countries. In these countries, the most urgent needs are to improve the measurement of services in the non-material sphere and to cover the activities of an increasing number of newly established enterprises. There are plans to include these concerns in the future work programmes of the Conference of European Statisticians.

46. A recent meeting of the Work Session on Statistics of Services, proposed a range of activities in service statistics that emphasizes a co-ordinated approach to conceptual development, technical assistance and data collection.

47. Specifically, the proposals of the Work Session in regard to the direction of work on statistics of services are: (a) contribution to relevant work on the conceptual development of international service statistics; (b) contribution to a co-ordinated international data base of service statistics; (c) organization and implementation of co-operative projects in the field of service statistics in transition economies; and (d) consideration of methodological issues, where required.

48. In terms of the work to be undertaken, the following activities were proposed: (a) development of a manual on methodology for service statistics in co-operation with the relevant international institutions; (b) consideration of the possibility for implementing pilot surveys for the generation of service statistics in co-operation with the Statistical Office of the European Communities (EUROSTAT); (c) review of problems with the national application of CPC with the assistance of national rapporteurs; (d) study of matching problems between the classification of household consumption of services (CHCS) and CPC and between foreign trade classifications and CPC; (e) survey of concepts suitable for the statistical description of outputs from services; (f) trial collection of data on services from transition countries; and (g) identification of needs for co-operative projects with the assistance of national rapporteurs.

B. Statistical Office of the European Communities (EUROSTAT)

49. EUROSTAT is currently developing a European statistical system on services in co-operation with the national statistical institutes in the member countries and other directorates-general of the Commission of the European Communities.

50. As outlined in the "Statistical Programme of the European Communities 1989-1992", the plans include the development of a general framework for statistics of services, the annual collection of enterprise statistics on market services and a statistical information system on services.

51. The activities that have been undertaken in connection with the system of services statistics are: (a) the development of a manual of methodology for statistics on services; (b) the collection and consolidation of existing statistics on services; (c) the introduction of pilot surveys on services to upgrade existing statistics and to take care of deficiencies; (d) the development of basic statistical tools, including registers, classifications, sampling design, questionnaire design and survey processing methods; (e) the preparation of regulations for a regular collection of harmonized statistics on the basis of annual surveys of market services; and (f) the establishment of an information system on harmonized statistics of services.

52. EUROSTAT has undertaken actions for co-operation and the continuation of work in the business sector with international organizations. Co-operation with the Organisation for Economic Co-operation and Development (OECD) and United Nations in the services area will concern the parallel adoption of common methodologies and norms, the efficient planning and division of work, the harmonization of questionnaires and surveys, the organization of data collection and data base correspondence.

C. General Agreement on Tariffs and Trade (GATT)

53. The GATT secretariat has been primarily concerned with the uses of national service statistics for analysing international trade in services and assisting in assessing the implications of the rules and principles governing trade liberalization in services.

54. Statistics on international transactions in services have been a recurring subject in the discussions of the Uruguay Rounds' Group of Negotiations on Services. As a result of this interest, a data base of available statistics has been created by the GATT secretariat. The relevant data sets include statistics of domestic production, employment and external transactions. There is particular interest in the availability and comparability of these data because they are currently required for deriving rough estimates of the relative importance of specific services in national economies and on a regional basis; the evolution of service industries over time; the size of the global market for a given service; and the relative importance of service activities in the world economy.

55. The most urgent issues are the need to augment the scope and contents of national trade data pertaining to services, the development of more detailed international classification schemes and the formulation of adequate guidelines on concepts and methods with a view to improving cross-country comparability. Many participants in the services negotiations consider that the progress of trade liberalization in services will be enhanced by a statistical data base which is essentially geared to providing detailed information on the relative importance of countries in world transactions of services, the distribution by country of specific service transactions and service trade by origin and destination.

D. International Monetary Fund (IMF)

56. The work of IMF in service statistics encompasses the development of international guidelines for the compilation, collection and dissemination of data on international transactions in services as an integral part of the work in the area of balance-of-payments statistics. IMF is recognized as the international agency responsible for the development of the conceptual framework underpinning the successive editions of the Balance of Payments Manual. In addition to the development of conceptual and definitional guidelines for international transactions in services, this work involves the provision of practical advice on data compilation through the preparation of a compilation guide, provision of technical assistance, along with the organization of training courses and the development of a data base in this area.

57. A major part of this work is currently being done through the preparation of a draft of the fifth edition of the Manual to be circulated for comments to national balance-of-payments compilers around the middle of 1991. The revised Manual contains proposals for the classification of international transactions in services as an integral part of the balance of payments and consistent with the United Nations A System of National Accounts, including proposed revisions therein. In developing these proposals, which imply a considerable extension in the scope of standard components for international transactions in services, account has been taken of comments of national compilers on earlier proposals and work undertaken in this area by EUROSTAT and OECD. Another document, entitled Balance of Payments Compilation Guide, currently under preparation, is also intended to provide practical advice on the compilation of data on international trade-in-services as part of balance-of-payments statistics. It is expected that as a result of these initiatives, the Fund's data base on international trade-in-services would be significantly expanded.

58. With a view to developing a more comprehensive and harmonized data base for trade-in-services and for improving statistical methodologies followed in their compilation, IMF has been engaged in a range of activities, including the provision of technical assistance, the organization of training courses and seminars and technical co-operation with other international organizations. These training courses, organized regularly under the aegis of the IMF Institute address, inter alia, issues of international transactions in services, including definitional issues and practical aspects of data compilation. In addition, over the years, technical assistance in these areas has been provided to a large number

of countries resulting in the assembly of information on the sources and methods used in the compilation of data on international trade-in-services. IMF continues to attach a high priority to technical assistance and training as a means of helping countries improve their balance-of-payments statistics, including the scope of data on international transactions in services.

E. Organisation for Economic Co-operation and Development (OECD)

59. At OECD, the organization of work involves a number of horizontal and vertical committees working on service statistics. The main horizontal committee is the Trade Committee's Working Party that deals with trade-in-services statistics. The vertical committees cover a great number of sectors, mainly maritime transport, tourism, banking and financial services insurance.

60. The Trade Committee's work on service statistics has focused on surveys of the availability and comparability of statistics on international trade-in services, the collection and improvement of relevant balance-of-payments data and the development of an international classification of the service categories covered in international transactions. The results of the latest survey of member countries' practices, time series data and trend analyses are documented in the report, OECD Countries International Trade in Services 1970-1987, which is in the process of being updated. In view of the limitations of the classification schedule for trade-in-services recommended in the Balance of Payments Manual, the Trade Committee's Working Party is also working towards the elaboration of an analytically useful classification in close co-operation with EUROSTAT. The purpose of an analytical classification scheme is to bridge the gap between the two sets of classifications used for organizing, respectively, the statistics of domestic production and external transactions.

F. United Nations Conference on Trade and Development (UNCTAD)

61. The UNCTAD mandate on services is derived from Conference resolution 159 (11) and Trade and Development Board decision 309 (xxx) which defined a work programme for the UNCTAD secretariat in services.

62. The components of the work programme are: (a) the elaboration of in-depth studies of the role of services in national, regional and global economies and their contribution to all aspects of the development process; (b) consideration of the definitional aspects of services and the strengthening of the data base on services at the national, regional and interregional levels, together with methodological improvements in this field; and (c) assistance, upon request, to member States in the analysis of the role of services in their economies.

G. Statistical Office of the United Nations Secretariat

63. In the field of service statistics, the Statistical Office of the United Nations Secretariat has been collaborating with other international agencies and the Voorburg Group on Service Statistics in specific areas, including (a) methodology of price and volume measures, (b) national practices in trade-in-services statistics and (c) developing the services part of the Central Product Classification.

64. At its twenty-fifth session in 1989, the Statistical Commission requested that the Statistical Office of the United Nations Secretariat accelerate its work in the methodology of price and quantity indexes of services with the ultimate aim of formulating agreed international guidelines. In that connection, several countries offered their assistance in preparing selected materials as portions of the draft recommendations on service statistics. Since then, the work has been progressing with the voluntary assistance of the Central Bureau of Statistics of Norway and the Voorburg Group on Service Statistics.

65. In regard to trade-in-service statistics, the United Nations and IMF secretariats finalized their joint inquiry on national practices and selected methodological problems in August 1989. The findings were reported in A Summary of the Replies to the UN/IMF Questionnaire on Trade in Services. Subsequently, the Statistical Office of the United Nations Secretariat and UNCTAD followed up with a new initiative to improve the collection and reporting of trade-in-services statistics. The initial plan calls for an evaluation of the present state of affairs in trade-in-services statistics and for the working out of tentative recommendations on how to improve coverage and comparability. Initially the work will be confined to the developing countries in the Economic and Social Commission for Asia and the Pacific (ESCAP) region.

66. In 1989, the Statistical Commission approved the final draft of the provisional Central Product Classification, modified to take into account the comments by the Commission. The Secretary-General was requested to prepare a publication on the CPC with explanatory notes for the services part of the classification. Previously some countries had volunteered proposals for the explanatory notes in the context of the Voorburg Group on Service Statistics. These proposals were instrumental in the preparation of the service classifications and their explanatory notes that were commented on by a group of experts.

IV. PROPOSED PROGRAMME FOR FUTURE WORK

67. The purpose of this section is to outline a set of interrelated activities in service statistics, some of which could be included in the work programme of the Statistical Office of the United Nations Secretariat for the biennium 1992-1993. The proposed activities cover work on methodological development, data compilation, technical co-operation and the promotion of co-ordination. The proposals are based on the recent efforts described in previous sections of this report, the recommendations of the Statistical Commission and emerging concerns.

68. The Commission has previously recommended: (a) that work in services should be a co-operative effort between international organizations and individual countries; (b) the acceleration of work on the formulation of guidelines on price and quantity indexes; (c) the continuation of work in service statistics in appropriate co-ordination with other international agencies; and (d) that the Secretary-General, in co-operation with international organizations, seek extrabudgetary funding to support a comprehensive programme involving methodological development, data compilation and technical co-operation to enhance the work in the important new field of service statistics.

69. The proposed activities for the biennium 1992-1993 are discussed under the headings of methodological development, data compilation, technical co-operation and the promotion of co-ordination. The Commission's views on the content of the work programme and priorities for the Statistical Office of the United Nations Secretariat for work on service statistics in the biennium 1992-1993 are requested.

Methodological development

70. An important objective of the methodological development work is the formulation of agreed international guidelines on the methodology of price and volume measures. The guidelines are considered a prerequisite for improving comparability among countries' statistics on services production and as a means of improving their availability.

71. The preparatory work in connection with the formulation of agreed international guidelines is progressing with the assistance of volunteer contributions from Norway and the valuable discussions within the Voorburg Group on Service Statistics. Within the last two years the contributions from Norway consisted of a review of volume measures in service activities based on the Statistical Office of the United Nations Secretariat Questionnaire Survey and a proposal of international guidelines on price and volume measures. From these contributions, a method of operation is evolving for concluding the preparatory phase. More specifically, the activities involved are as follows: (a) further review of national practices in price and volume measures; (b) establishing a standard format for the presentation of the draft guidelines; (c) using the format of (b) to obtain comments and suggestions from countries on the proposed recommendations; and (d) finalizing countries' contributions to recommendations on the methodology of price and volume measures.

72. By the end of 1991, these activities will have been carried out in regard to wholesale and retail trade, hotels and restaurants and transport, storage and communication. During the period 1992-1993, the preparatory work could focus on financial intermediation; real estate, renting and leasing; business services; public administration, education, health and social work; and community, social and personal service activities. The work would be advanced on the basis of the conclusions reached at the 1991 meeting of the Voorburg Group on Service Statistics that is scheduled to address the issues of developing volume measures for the aforementioned services.

Data compilation

73. In view of the concerns raised in the Uruguay Round and in other forums on the availability of comparable data on various aspects of service statistics covering both developed and developing countries, the following questions arise: (a) should internationally comparable statistics on services production be developed beyond the sectoral contributions to GDP? (b) should a collaborative effort be made at the international level to improve the coverage, collection and reporting of trade-in-services statistics? and (c) in view of the ongoing international programmes in data compilation (such as those of IMF, OECD, GATT and EUROSTAT), and considering the experiences acquired by national statistical offices, is it the appropriate time to initiate a global compilation of service statistics drawing to the fullest extent possible on existing programmes?

74. To respond to these concerns the Statistical Office of the United Nations Secretariat could initiate an experimental data collection programme that would be initially limited to the identification and recording of the sources of service statistics for a selected number of countries (not more than 10) and an examination of their contents based on common characteristics, such as coverage, timeliness, reliability, comparability and periodicity. The experimental data collection programme will draw on the work of other international agencies, including IMF, OECD, GATT, EUROSTAT and UNCTAD.

Technical co-operation

75. The goal of technical co-operation is to improve the developing countries' statistical capability and capacity in service statistics. To this end, the Statistical Office of the United Nations Secretariat and UNCTAD are currently undertaking a new initiative to improve the data base on services and, in particular, the collection and reporting of trade-in-services statistics.

76. There are two major types of constraints on the availability of service statistics from the developing countries. On the one hand, there are large inter-country variations in the role of services in domestic activity and international transactions. On the other hand, statisticians in some developing countries may not recognize the importance of the service sector in generating employment, improving the efficiency of the production and distribution process and strengthening the performance of foreign exchange management. Accordingly, the collection of service sector data is likely to vary among the developing countries depending on the degree of economic specialization, the objectives of development policy and, above all, the level of awareness about the significance of the service sector.

77. Improvements in service statistics in developing countries will necessarily depend on the provision of various forms of technical co-operation, including: (a) advisory services in reviewing the coverage and compilation of service statistics; (b) national missions in response to country requests to develop programmes for the collection of service statistics; and (c) the organization of training seminars. Depending on the availability of extrabudgetary resources, the Statistical Office of the United Nations Secretariat, in co-operation with the

Department of Technical Co-operation for Development and other concerned parts of the United Nations Secretariat, including UNCTAD, the Centre on Transnational Corporations, the regional commissions and other international organizations, is prepared to participate in such technical co-operation efforts.

Promotion of co-ordination

78. The Statistical Office of the United Nations Secretariat will work towards and participate in collaborative arrangements to promote the co-ordination of international work on the development and improvement of statistics on services. Moreover, the Statistical Office will continue to participate actively in the Voorburg Group on Service Statistics with a view to ensuring that the outputs of the Voorburg Group are utilized as widely as possible. The Statistical Office will also actively support any related work in the United Nations regional commissions and continue its collaborative efforts with other international organizations.

79. To facilitate the transfer of methodological materials to national authorities in the developing countries which would improve and extend basic data, the Statistical Office of the United Nations Secretariat expects to draw heavily on the development work of other international agencies in classifications, measurement standards and survey design, including work by IMF, OECD, EUROSTAT, the World Tourism Organization (WTO), ECE, UNCTAD and the Voorburg Group.

V. POINTS FOR DISCUSSION

80. The Commission may wish to consider the activities proposed in section IV in the light of the review of the work of national and international agencies in the field of service statistics. In particular the Commission may wish to:

(a) Comment on ongoing national and international efforts on the improvement of service statistics, including gaps in these activities related to:

(i) Methodological development;

(ii) Data compilation and dissemination;

(iii) Technical co-operation;

(b) Comment on the adequacy of existing co-ordination mechanisms for international work in the field of services statistics;

(c) Comment on the needs for future work in the field of service statistics, including the scope and priorities for work by the Statistical Office of the United Nations Secretariat in the field of service statistics during 1992-1993 biennium.

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